

City of Worcester, Massachusetts

Edward M. Augustus, Jr.
City Manager

Michael E. Traynor, Esq.
Chief Executive Officer
Worcester Redevelopment Authority



WORCESTER REDEVELOPMENT AUTHORITY

Friday, January 9, 2015

3:00 P.M.

City Hall, 455 Main Street
Levi Lincoln Chamber
Worcester, MA 01608

Present:

Worcester Redevelopment Authority Board

Vincent A. Pedone, Chair
Steven Rothschild
David Minasian
Jennifer Gaskins

Staff

Michael E. Traynor, Chief Executive Officer
Thomas Zidelis, Chief Financial Officer
Heather Gould, Chief of Staff, Office of Economic Development
Paul Morano, Director, Business Assistance, Office of Economic Development
John Odell, Director, City Energy and Asset Management Division
Jackson Restrepo, Office of Economic Development
Jane Bresnahan, Executive Office of Economic Development

Pursuant to a notice given (attached), a meeting of the Worcester Redevelopment Authority was held at 3:00 P.M. on January 9, 2015.

1. Call to Order

Chief Executive Officer Michael Traynor called the meeting to order at 8:01 A.M.

2. Roll Call

Mr. Traynor called the roll.

Worcester Redevelopment Authority
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Other Business

Monthly Expenditure Report

Mr. Zidelis, Chief Financial Officer reviewed with the Board the check detail and monthly comparison summary between December 9, 2014 and January 6, 2015. Expenses were \$92,384.22. Mr. Zidelis noted that there were less expenditures and \$12,000.00 less in expenses for snow removal budget.

Updated Executed Contracts and Payments

Mr. Zidelis stated that no payments were made from the Fixed Guideways Funded Capital Projects but that a request for payment for the Fixed Guideways Funded Capital Projects has been submitted to the FTA for design scope of the Harding Street Improvements, Interior and Exterior Signage and First Floor Public Restrooms as well as work in connection with Coghlin Electrical Contractors and Siemens Industry for video surveillance equipment.

3. Minutes of the December 12, 2014

Mr. Pedone asked the Board to review the minutes. Mr. Minasian offered approval of the minutes with Mr. Rothschild seconding the approval.

The minutes were approved by the Board on a 4-0 voice vote.

New Business

1. Release of Executive Session Minutes – October 31, 2014

Mr. Traynor advised the Board that the executive session minutes may now be released because the reason for the session (discussion regarding the value of the Washington Square parcel conveyance to a hotel developer) has expired and no longer valid. Chair Pedone reviewed the Executive Sessions minutes and stated that the minutes are now public and are disclosed and released to the public.

Mr. Traynor will provide to the Board members a link to the Massachusetts Attorney General website which outlines all rules and regulations regarding executive sessions for boards and committees.

2. Proposal to Provide Shoeshine Service at Union Station

Mr. Traynor reviewed with the Board the proposal to provide shoeshine service at Union Station. Mr. Traynor stated that there will be a license agreement for the business, similar to the one used for existing tenants. The operations will be conducted on the second floor of the station with a chair that could possibly be refurbished by the Worcester Technical Vocation High School; staff will pursue this idea with the school. When not in operation the area will be clean and covered.

3. Informational Item – Urban Renewal Citizens Committee First Meeting Date January 22, 2015 – 8:00 am.

Mr. Traynor informed the Board that the members of the Worcester Redevelopment Authority Citizens Advisory Committee have been sent a letter confirming their first meeting which will be held in the Levi Lincoln Chamber at 8:00 a.m. on January 22, 2015. Mr. Traynor stated that members may attend. The Board requested that a copy of the letter be sent to members.

4. Proposal for Special Legislation Authorizing the City Manager to Appoint the Chair of the Authority.

The city manager has requested City Council approval to file special legislation that would authorize the city manager to appoint the WRA chair. Mr. Traynor reviewed with the Board the creation of the WRA under M.G.L. Chapter 121B, Section 5 (one member is appointed by the Governor and four members are appointed by the city manager subject to city council confirmation) and generally discussed the reasoning behind the city manager's proposal. The City is investing more resources redeveloping significant portions of downtown, in particular the Downtown/Theatre District Urban Renewal Initiative. The city council has expressed concerns that the city's and Authority's priorities and strategies are aligned. The city manager believes that giving the appointing power to the city manager to name the chair of the Board addresses those concerns and assures a unified, coordinated strategy moving forward. Mr. Traynor will keep the Board apprised of City Council actions regarding the item that was held.

5. Status Reports – Miscellaneous Maintenance/Improvement Projects

At the request of Chair Pedone, the Board took Agenda Item 6 out of order.

Items a (Union Station Signage Project), b (Union Station Harding Street Improvements) and c (Union Station Restrooms Project) design phases costs have been submitted to FTA for reimbursement. The Harding Street Taxi Stand item went before the City Councils Traffic and Parking Committee and that item was held temporarily due to concerns raised about the location and to have time to meet with representatives of the Authority to discuss it. Councilor Gaffney said he will try to schedule a meeting later this month. Mr. Traynor advised the Board that he will bring plans and make a presentation to the committee.

d) Installation of Fencing on 9 Washington Square parcel – the fencing has been installed.

e) Cell Lot – is open and signage is up and ongoing. Mr. Traynor is working with John Hill from the City Manager's Office to coordinate an announcement of the lot.

f) Union Station – Loading Dock Dumpster: Area Cleanliness/Users' Conduct. Mr. Odell is still working with the cleaning company and tenants to keep the area clean.

Board members requested that tenant update be added to Item 6.

- 5. Proposal to Meet in Executive Session to Discuss the Value of Real Property:**
a) Terms of Conveyance – Washington Square Parcel;
b) VHB Lease Renewal

Ms. Gaskin made the following motion: To convene in executive session to discuss the value of real property because to meet in open session would have a detrimental impact on the Authority's negotiating position with the potential purchaser of the property, and not to reconvene in open session.

On a roll call vote the Board unanimously (4-0) adopted the motion.

Respectfully submitted,

Michael E. Traynor,
Chief Executive Officer

Executive Session Minutes

January 9, 2015

At 3:30 P.M. the Board, in open session, voted to convene in Executive Session for the purpose of discussing the value of real property because to meet in open session would have a detrimental impact on the Authority's negotiating position with the potential purchaser of the property, and to discuss the VHB Lease Renewal, and not to reconvene in open session.

Present: WRA Board Members:

Vincent Pedone, Chair
Stephen Rothschild, Secretary
Jennifer Gaskin
David Minasian

City of Worcester:

Michael Traynor, Executive Director
Heather Gould, Chief of Staff
Paul Morano, Business Assistance Director
John Odell, Director, City Energy and Asset Management Division
Jackson Restrepo, Executive Office of Economic Development
Jane Bresnahan, Executive Office of Economic Development

Mr. Traynor reviewed the proposed terms of conveyance for the Washington Square Hotel with the Board. The proposed agreement has been submitted to the buyer for its review and Mr. Traynor is waiting for any return comments. While the terms are subject to change, Mr. Traynor wanted to brief the Board on the terms that have been proposed and receive any feedback the members may have. The terms proposed to the buyer are as follows:

As previously established by the Board, the sale price is \$150,000 with ten percent deposit at the execution of the closing documents. The Buyer will invest \$15 million to construct an urban designed Homewood Suites Hotel with a minimum of 117 rooms. Job creation will be a minimum of 40, new permanent full-time jobs with preference given to Worcester residents along with working with Workforce Development to identify employees. They will use best efforts to hire a minimum of 50% of its subcontract work from qualified companies; advise the work locally and give preference to local sub-

contractors (companies within a 30 mile radius) that are qualified and competitive. They will allow qualified local subcontractors the opportunity to match or better lower prices provided by qualified, non-local subcontractor and they will submit to the WRA monthly certified payroll documentation and ensure contractors and subcontractors comply with health care laws of Massachusetts and will not hire contractors or subcontractors that are on the Massachusetts debarment list. First Bristol will develop the property for taxable purposes and it will be owned by a for-profit for a minimum of twenty years. Mr. Traynor also discussed that the agreement calls for an urban design, taking into account the hotel's close proximity to Union Station, that developer will consult with the Economic Development staff on final design, including materials, vehicular and pedestrian access, site layout, fenestration, and signage.

The Board indicated its approval of the proposed terms of conveyance. Mr. Traynor stated that he should have a finalized document by the next meeting for the Board's consideration.

b) VHB Lease Renewal

VHB's seven year lease expires in July 2015, however the lease provides for two sequential three years extensions, with the rent for the first three years pre-set. Mr. Traynor advised the Board that he was contacted by a commercial real estate advocate firm on behalf of VHB and while indicating a desire to exercise the first three year extension, asked for a substantial decrease in the pre-arranged lease rate for the next year (from \$23.88 sq/ft to \$18.50 sq/ft). Mr. Traynor explained that after surveying local commercial brokers it was determined that the pre-set rent for the renewal period was higher than the current market, but that their offer was on the low side. Recognizing that VHB could move to another location in the downtown at a lower rate, Mr. Traynor countered by offering to recommend freezing the current rate for the entire three year period. VHB has tentatively accepted that offer but in addition has asked to add eight parking spaces to their current lease at no cost. Mr. Traynor responded to VHB that the Union Station Garage is at maximum for the number of non-commuter committed spaces and he is waiting to hear back from the firm representing VHB. Mr. Traynor also advised the Board that the firm had requested that the Board pay the firm a broker's fee. He has made it clear to the firm that the Board will not do so. While no formal vote was taken, the Board indicated that it would likely approve the freeze of the current rent for three (3) years with the current allotment of thirty-two parking spaces in the garage.

At 4:00 P.M., on a motion by Mr. Rothschild and a second by Mr. Minasian, the Board voted 4 – 0 to adjourn the meeting.

Respectfully submitted,

Michael E. Traynor,
Chief Executive Officer